SECOND REGULAR SESSION

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NOS. 2034 & 2081

102ND GENERAL ASSEMBLY

4719H.03C DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 288.050, RSMo, and to enact in lieu thereof two new sections relating to workforce development.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 288.050, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 135.005 and 288.050, to read as follows:

135.005. 1. For the purposes of this section, the following terms shall mean:

(1) "Compensation":

(a) Payments in the form of contract labor for which the payer is required to provide a federal tax form 1099 to the person paid;

(b) Wages that are subject to withholding tax imposed under sections 143.191 to 143.265 and paid to a part-time employee or full-time employee; and

(c) Any other salary or other remuneration.

"Compensation" shall not include employer-provided retirement, medical or health care benefits, reimbursement for travel, meals, lodging, or any other expense;

(2) "Department", the Missouri department of economic development;

(3) "Qualified employer", a sole proprietorship, general partnership, limited partnership, limited liability company, corporation, or other legally recognized business entity or public entity registered to do business in this state and whose principal business activity involves the engineering sector;

(4) "Qualified institution", any public or private institution of higher education that is accredited by a regional accrediting body or the engineering accreditation commission of the accreditation board for engineering and technology (ABET);

EXPLANATION — Matter enclosed in bold-faced brackets **[**~~thus~~**]** in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

(5) "Qualified program":

(a) A program that has been accredited by the engineering accreditation commission of the accreditation board for engineering and technology (ABET) or a regional accrediting body and that awards an undergraduate or graduate degree in engineering; or

(b) A program that results in the awarding of a degree or certificate that prepares the graduate for gainful employment with a qualified employer;

(6) "Qualified worker", any person newly employed on a full-time basis by or first contracting with a qualified employer on a full-time basis on or after January 1, 2025, who has been awarded an undergraduate or graduate degree, or a technical degree or certificate from a qualified program by a qualified institution;

(7) "State tax liability", any liability pursuant to the provisions of chapter 143, exclusive of the provisions relating to the withholding of tax as provided for in sections 143.191 to 143.265 and related provisions;

(8) "Tax credit", a credit against the tax otherwise due under chapter 143, excluding withholding tax imposed under sections 143.191 to 143.265;

(9) "Taxpayer", any individual subject to the state income tax imposed under chapter 143, excluding the withholding tax imposed under sections 143.191 to 143.265;

(10) "Tuition", the amount paid for enrollment, program specific course fees, and instruction in a qualified program that includes both amounts paid during participation in a qualified program or tuition debt upon completion of a qualified program. "Tuition" shall not include the cost of books, fees other than program specific course fees, or room and board.

2. (1) For all tax years beginning on or after January 1, 2025, a qualified employer shall be allowed a tax credit against the qualified employer's state tax liability for tuition reimbursed to a qualified worker.

(2) The tax credit may be claimed only if the qualified worker has been awarded an undergraduate or graduate degree or technical degree or certificate from a qualified program within one year prior to or following the commencement of employment with a qualified employer and may be claimed each year thereafter that the qualified worker remains employed or under contract up to the fourth year of such employment or contract.

(3) The tax credit shall be in an amount equal to fifty percent of the tuition reimbursed to a qualified worker during the tax year for which the tax credit is claimed, except that in no event shall the tax credit exceed fifty percent of the average annual amount paid by a qualified worker for enrollment and instruction in a qualified program, as determined by the department.

(4) The tax credit shall be applied against the qualified employer's state tax liability after all other tax credits have been applied. Tax credits authorized by this subsection shall not be transferred, sold, or assigned, and shall not be refundable or carried forward to any other tax year.

3. (1) For all tax years beginning on or after January 1, 2025, a qualified employer shall be allowed a tax credit against the qualified employer's state tax liability for compensation paid during the tax year to a qualified worker. The tax credit may be allowed for the first through fifth consecutive years of employment or contract of the qualified worker. For qualified workers who received an undergraduate or graduate degree or technical degree or certificate from a qualified program awarded by a qualified institution, the tax credit amount shall be equal to ten percent of the compensation paid.

(2) Tax credits authorized by this subsection shall not exceed fifteen thousand dollars for any single qualified worker in any given tax year and shall not exceed a total of seventy-five thousand dollars for any single qualified worker.

(3) The tax credit shall be applied against the qualified employer's state tax liability after all other tax credits have been applied. Tax credits authorized by this subsection shall not be transferred, sold, or assigned and shall not be refundable or carried forward to any other tax year.

(4) No tax credit shall be claimed for compensation paid to a qualified worker after the fifth year of employment of the qualified worker or the fifth year of the worker's contract.

4. (1) For all tax years beginning on or after January 1, 2025, a taxpayer who becomes a qualified worker during the tax year shall be allowed a tax credit against the taxpayer's state tax liability in an amount equal to five thousand dollars. The tax credit may be claimed each year the taxpayer achieves the status of a qualified worker for five consecutive tax years beginning with the tax year in which the taxpayer becomes a qualified worker. No taxpayer shall claim tax credits pursuant to this subsection that exceed a total of twenty-five thousand dollars.

(2) Tax credits authorized by this subsection shall not be transferred, sold, or assigned, and shall not be refundable, but may be carried forward to subsequent tax years, provided that a tax credit shall not be carried forward beyond the fourth tax year succeeding the tax year in which the taxpayer initially claimed the tax credit.

5. (1) The department may adopt rules and regulations necessary or convenient for the implementation and administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the

provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2024, shall be invalid and void.

(2) The department shall annually submit a written report to the general assembly containing information regarding the cost and effectiveness of the provisions of this section. The department also may include in the report any recommendations for changes to state law necessary to implement the provisions of this section.

6. Under section 23.253 of the Missouri sunset act:

(1) The program authorized pursuant to this section shall automatically sunset on December 31, 2030, unless reauthorized by an act of the general assembly; and

(2) If such program is reauthorized, the program authorized pursuant to this section shall automatically sunset twelve years after the effective date of the reauthorization; and

(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized pursuant to this section is sunset; and

(4) The provisions of this subsection shall not be construed to limit or in any way impair the department's ability to redeem tax credits authorized on or before the date the program authorized pursuant to this section expires, or a taxpayer's ability to redeem such tax credits.

288.050. 1. Notwithstanding the other provisions of this law, a claimant shall be disqualified for waiting week credit or benefits until after the claimant has earned wages for work insured pursuant to the unemployment compensation laws of any state equal to ten times the claimant's weekly benefit amount if the deputy finds:

(1) That the claimant has left work voluntarily without good cause attributable to such work or to the claimant's employer. A temporary employee of a temporary help firm will be deemed to have voluntarily quit employment if the employee does not contact the temporary help firm for reassignment prior to filing for benefits. Failure to contact the temporary help firm will not be deemed a voluntary quit unless the claimant has been advised of the obligation to contact the firm upon completion of assignments and that unemployment benefits may be denied for failure to do so. "Good cause", for the purposes of this subdivision, shall include only that cause which would compel a reasonable employee to cease working or which would require separation from work due to illness or disability. The claimant shall not be disqualified:

(a) If the deputy finds the claimant quit such work for the purpose of accepting a more remunerative job which the claimant did accept and earn some wages therein;

(b) If the claimant quit temporary work to return to such claimant's regular employer; or

(c) If the deputy finds the individual quit work, which would have been determined not suitable in accordance with paragraphs (a) and (b) of subdivision (3) of this subsection, within twenty-eight calendar days of the first day worked;

(d) As to initial claims filed after December 31, 1988, if the claimant presents evidence supported by competent medical proof that she was forced to leave her work because of pregnancy, notified her employer of such necessity as soon as practical under the circumstances, and returned to that employer and offered her services to that employer as soon as she was physically able to return to work, as certified by a licensed and practicing physician, but in no event later than ninety days after the termination of the pregnancy. An employee shall have been employed for at least one year with the same employer before she may be provided benefits pursuant to the provisions of this paragraph;

(e) If the deputy finds that, due to the spouse's mandatory and permanent military change of station order, the claimant quit work to relocate with the spouse to a new residence from which it is impractical to commute to the place of employment and the claimant remained employed as long as was reasonable prior to the move. The claimant's spouse shall be a member of the U.S. Armed Forces who is on active duty, or a member of the National Guard or other reserve component of the U.S. Armed Forces who is on active National Guard or reserve duty. The provisions of this paragraph shall only apply to individuals who have been determined to be an insured worker as provided in subdivision (22) of subsection 1 of section 288.030;

(2) That the claimant has retired pursuant to the terms of a labor agreement between the claimant's employer and a union duly elected by the employees as their official representative or in accordance with an established policy of the claimant's employer; or

(3) That the claimant failed without good cause either to apply for available suitable work when so directed by a deputy of the division or designated staff of an employment office as defined in subsection 1 of section 288.030, or to accept suitable work when offered **[**~~the claimant, either through the division or directly by an employer by whom the individual was formerly employed~~**]**, **or to appear for a scheduled job interview or skills test,** or to return to the individual's customary self-employment, if any, when so directed by the deputy. An offer of work shall be rebuttably presumed if an employer notifies the claimant in writing **[**~~of such offer by sending an acknowledgment via any form of certified mail issued by the United States Postal Service stating such offer to the claimant at the claimant's last known address~~**]** **or by email or telephone**. Nothing in this subdivision shall be construed to limit the means

by which the deputy may establish that the claimant has or has not been sufficiently notified of available work. **In enforcing this subdivision, the division shall establish a method allowing employers to report by email or telephone any individual who fails to accept or respond to an offer of employment or appear for a previously scheduled job interview or skills test.**

(a) In determining whether or not any work is suitable for an individual, the division shall consider, among other factors and in addition to those enumerated in paragraph (b) of this subdivision, the degree of risk involved to the individual's health, safety and morals, the individual's physical fitness and prior training, the individual's experience and prior earnings, the individual's length of unemployment, the individual's prospects for securing work in the individual's customary occupation, the distance of available work from the individual's residence and the individual's prospect of obtaining local work; except that, if an individual has moved from the locality in which the individual actually resided when such individual was last employed to a place where there is less probability of the individual's employment at such individual's usual type of work and which is more distant from or otherwise less accessible to the community in which the individual was last employed, work offered by the individual's most recent employer if similar to that which such individual performed in such individual's last employment and at wages, hours, and working conditions which are substantially similar to those prevailing for similar work in such community, or any work which the individual is capable of performing at the wages prevailing for such work in the locality to which the individual has moved, if not hazardous to such individual's health, safety or morals, shall be deemed suitable for the individual.

(b) Notwithstanding any other provisions of this law, no work shall be deemed suitable and benefits shall not be denied pursuant to this law to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

a. If the position offered is vacant due directly to a strike, lockout, or other labor dispute;

b. If the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

c. If as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization.

2. If a deputy finds that a claimant has been discharged for misconduct connected with the claimant's work, such claimant shall be disqualified for waiting week credit and benefits, and no benefits shall be paid nor shall the cost of any benefits be charged against any employer for any period of employment within the base period until the claimant has earned wages for work insured under the unemployment laws of this state or any other state as prescribed in this section. In addition to the disqualification for benefits pursuant to this

provision the division may in the more aggravated cases of misconduct cancel all or any part of the individual's wage credits, which were established through the individual's employment by the employer who discharged such individual, according to the seriousness of the misconduct. A disqualification provided for pursuant to this subsection shall not apply to any week which occurs after the claimant has earned wages for work insured pursuant to the unemployment compensation laws of any state in an amount equal to six times the claimant's weekly benefit amount. Should a claimant be disqualified on a second or subsequent occasion within the base period or subsequent to the base period the claimant shall be required to earn wages in an amount equal to or in excess of six times the claimant's weekly benefit amount for each disqualification.

3. Notwithstanding the provisions of subsection 1 of this section, a claimant may not be determined to be disqualified for benefits because the claimant is in training approved pursuant to Section 236 of the Trade Act of 1974, as amended, (19 U.S.C.A. Sec. 2296, as amended), or because the claimant left work which was not suitable employment to enter such training. For the purposes of this subsection "suitable employment" means, with respect to a worker, work of a substantially equal or higher skill level than the worker's past adversely affected employment, and wages for such work at not less than eighty percent of the worker's average weekly wage as determined for the purposes of the Trade Act of 1974.

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